

Exhibit 1

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9 | Special Counsel to Richard A. Marshack,
Chapter 11 Trustee

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION**

In re:

THE LITIGATION PRACTICE GROUP P.C.

Debtor.

Case No. 8:23-bk-10571-SC

Chapter 11

**SECOND INTERIM ORDER GRANTING
(A) EMERGENCY SUPERPRIORITY
FINANCING BY THE CHAPTER 11
TRUSTEE AND SUPERPRIORITY
ADMINISTRATIVE EXPENSE CLAIM
PURSUANT TO 11 U.S.C. § 364; AND (B)
SETTING FINAL HEARING**

Date:

Time:

Judge: Hon. Scott C. Clarkson

Place: Courtroom 5C
411 West Fourth Street
Santa Ana, CA 92701

On July ___, 2023, on the ___ p.m. calendar, in Courtroom 5C of the United States Bankruptcy Court, located at 411 West Fourth Street, Santa Ana, California 92701, the Honorable

1 Scott C. Clarkson, United States Bankruptcy Judge, conducted a hearing on the *Trustee's Notice of*
2 *Motion and Emergency Motion (I) for Entry of Second Interim Order: (A) Authorizing The Trustee*
3 *to Obtain Additional Post-Petition Financing and Superpriority Administrative Expense Claim*
4 *Pursuant to 11 U.S.C. § 364; and (B) Setting Final Hearing; and Pursuant to Final Hearing, (II) for*
5 *Entry of Final Order Approving Post-Petition Financing on a Final Basis* (the “Motion”) filed by
6 Richard A. Marshack, the Chapter 11 Trustee (the “Trustee”) for the bankruptcy estate (the “Estate”)
7 of The Litigation Practice Group, P.C. (the “Debtor”), in the above-captioned bankruptcy case.

8 The Court, having considered the Motion, all pleadings filed in support of, and in opposition
9 to, the Motion, good cause appearing, and for the reasons stated on the record and in the Motion:

10 1. Grants the Motion;

11 2. Approves the terms of: 1) Amended Super-Priority Promissory Note attached as
12 **Exhibit 3** to the Trustee’s Declaration; and 2) Amended and Restated Super-Priority Promissory
13 Note attached as **Exhibit 4** (collectively referred to herein as the “Notes” unless individually
14 identified);

15 3. Authorizes the Trustee to borrow, and the Lenders (as defined in the Motion) to
16 advance the amounts set forth in the Notes as follows:

17 a. With regards to the Amended Super Priority Promissory Note, up to \$249,633.98 at
18 an interest rate of 8% per annum, with the full balance, including all accrued interest,
19 due and payable in one year from the Start Date (as defined in the Note), with
20 payments first credited to interest due and any remainder credited to principal, as
21 provided under the Note, subject to the terms of this Order; and

22 b. With regards to the Amended and Restated Super-Priority Promissory Note,
23 \$249,663.98 of additional funds and \$800,000 in the aggregate at 8% per annum with
24 the full balance, including all accrued interest, due and payable thirty (30) days from
25 the Start Date.

26 4. Authorizes the Trustee to execute and deliver to the Lender(s) the Note and all other
27 loan documents required to be executed and delivered under the Note;

28 5. Authorizes the Trustee and counsel acting on behalf of the Trustee to take any such

1 actions that may be necessary to implement the Notes and borrow funds under the Notes as approved
2 in this Order;

3 6. Finds that the Trustee, on behalf of the Debtor and the Estate, is unable to find
4 sufficient financing from sources other than the Lenders on terms more favorable than the terms for
5 the Notes;

6 7. Finds that immediate financing is critical for the Debtor to continue its operations in
7 the ordinary course, and that the Notes, the Trustee's entry into the financing arrangements, and
8 related relief is necessary to avoid immediate and irreparable harm to the Debtor's Estate, its
9 employees, and all parties in interest; and that the Notes are the best source of financing available
10 to the Debtor under the circumstances and was entered into in good faith and at arm's length;

11 8. Finds that the terms of the Notes and this Order are fair and reasonable and are
12 supported by reasonably equivalent value and fair consideration;

13 9. Finds that the Trustee's agreement to the terms of the Notes on behalf of the Debtor
14 is a sound exercise of business judgment and should be approved as set forth herein;

15 10. Authorizes the Trustee to enter into any non-material amendment or modification to
16 the Notes, without further order of this Court, provided that any such non-material amendment or
17 modification is set forth in writing and signed by the Trustee and the Lender, and provided that the
18 Trustee provides notice of any such amendment or modification to the Court and the Office of the
19 United States Trustee;

20 11. Authorizes the Trustee to use funds advanced under the Notes on the terms and
21 conditions set forth in the Motion, provided that all such funds are used to pay payroll and other
22 operating expenses solely;

23 12. Grants the Lenders an allowed superpriority administrative claim pursuant to section
24 364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other
25 administrative expenses or priority claims;

26 13. Subrogates the Lenders' claim, on account of funding payroll, to the administrative
27 expense claims otherwise held by employees and personnel that have provided post-petition services
28 since the Trustee has served the Court's TRO and taken control of operations;

1 14. Requires the approval and authorization of the Trustee for paying any and all
2 expenses; or, in the event the Trustee is unavailable, requires the approval and authorization from
3 Lori Ensley or one of the Trustee's law firm partners, Ed Hays, David Wood, or Laila Masud, for
4 paying any and all expenses;

5 15. Directs that all ordinary business expenses approved by the Trustee shall be paid for
6 by a trustee check;

7 16. Finds that the Notes and this Order were negotiated in good faith and at arm's length
8 among the Trustee and the Lender;

9 17. Finds that the financing provided under the Notes shall be deemed to have been
10 extended in good faith and for valid business purposes and uses within the meaning of section 364(e)
11 of the Bankruptcy Code;

12 18. Finds that there is no stay of this Order, including no stay pursuant to Rule 6004(h)
13 of the Federal Rules of Bankruptcy Procedure (to the extent applicable);

14 19. Sets a final hearing on the Motion for August ____ , 2023 at ____ a.m.; and

15 20. Retains jurisdiction with the Court with respect to all matters arising from or related
16 to the implementation of this Order.

IT IS SO ORDERED.

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